

Message Text

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21

ORIGIN EB-07

INFO OCT-01 AF-06 ISO-00 XMB-02 AS-01 AID-05 TRSE-00

COME-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

FRB-03 CIEP-01 /072 R

66618

DRAFTED BY P DUNTON:DK

APPROVED BY EB/OCA/CM:EMCKEON

XMB: E B YOUNG

XMB: W W GLICK

AF/S:DPNCHRISTENSEN

EB/IFD/ODF:RASWART

----- 124127

R 182343Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY PRETORIA

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E.O. 11652: NA

TAGS: EGEN

SUBJ: POTENTIAL U.S. AIRCRAFT SALES TO SOUTH AFRICA

1. AS SOUTH AFRICAN AIRWAYS PROCEEDS WITH SELECTION OF NEW AIRCRAFT BETWEEN U.S. MODELS AND EUROPEAN AIRBUS EXIMBANK WOULD APPRECIATE CLOSE MONITORING BY EMBASSY.

2. AS PREVIOUSLY NOTED, EXIMBANK HAS AGREED TO PROVIDE FINANCIAL GUARANTEE AMOUNTING TO 90 PERCENT OF THE U.S. COSTS OF ANY U.S. AIRCRAFT SELECTED, AND BANK HAS ADVISED ALL THREE MANUFACTURERS THAT A HIGH PERCENTAGE OF THIS FINANCED PORTION COULD BE HANDLED BY PEFCO AT A FIXED RATE OF INTEREST.

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3. FOR INFO OF EMBASSY ONLY, EXIMBANK HAS SOME FLEXIBILITY WHICH COULD BE EXERCISED IN THE EVENT THAT FINANCING TERMS BECOME ESPECIALLY

CRITICAL AND IT IS CONSIDERED THAT SOME IMPROVEMENT

IN EXIMBANK TERMS MAY BE NEEDED TO COUNTER THE FRENCH EFFORTS TO SELL
THE A-300 INTO THIS IMPORTANT MARKET. IMPROVEMENT
COULD TAKE THE FORM OF REDUCING THE GUARANTEE FEE BELOW THE 1 PERCENT
LEVEL CURRENTLY AUTHORIZED, OR ALLOWING PEFCO PARTICIPATION IN THE EN
TIRE
90 PERCENT FINANCED PORTION RATHER THAN 60-75 PER
CENT WHICH IS NORMAL LIMIT SET ON SOUTH AFRICAN CASES. A MINOR INCREA
SE
IN GRACE PERIOD COULD ALSO BE ARRANGED BY ALLOWING FIRST REPAYMENT
SIX MONTHS AFTER FINAL DELIVERY RATHER THAN SIX MONTHS AFTER MID-POOI
NT
OF DELIVERIES AS PRESENTLY PROVIDED.

4. SINCE EXIMBANK HAS NOT DETERMINED PRACTICALITY OF ANY OF THESE
MEASURES IT WOULD BE UNTIMELY TO DISCUSS THESE EITHER WITH SOUTH
AFRICAN AIRWAYS OR WITH MANUFACTURERS REPS. HOWEVER EXIMBANK WOULD
APPRECIATE ADVISE IF EMBASSY DETECTS THAT SUCH EXTRAORDINARY TERMS
SHOULD RECEIVE FORMAL CONSIDERATION BY EXIMBANK.
KISSINGER

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